

INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



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INTERIM PROCEDURES FOR ADMINISTRATION OF PUBLIC LAW 88-342, ENACTED JUNE 30, 1964

Manufacturers of tobacco products
and cigarette papers and tubes:

Purpose. This is to advise you of the enactment of Public Law 88-342, an act to prevent double taxation in the case of certain tobacco products and cigarette papers and tubes exported from and returned unchanged to the United States for delivery to a manufacturer's bonded factory, and to advise you also about the procedures for administration of the law until implementing regulations are issued.

Background. On June 30, 1964, H. R. 8268 was enacted into law, as Public Law 88-342. It amends headnote 2 to subpart A of part 1 of schedule 8 of the tariff schedules and section 5704 of the Internal Revenue Code of 1954. Under the amendments, domestically produced tobacco products and cigarette papers and tubes previously exported from and returned to the United States may be released from customs custody without payment of the duty attributable to the internal revenue tax, for delivery to a manufacturer of such articles in accordance with such regulations and under such bond as the Secretary of the Treasury or his delegate shall prescribe. The law became effective on July 1, 1964.

Procedures for release from customs custody. Domestically produced tobacco products exported from and returned to the United States may be released from customs custody, without payment of that part of the duty attributable to the internal revenue tax, for delivery to the factory of a manufacturer of tobacco products under the bond of such manufacturer. Domestically produced cigarette papers and tubes exported from and returned to the United States may be released from customs custody, without payment of that part of the duty attributable to the internal revenue tax, for delivery, under the bond of the manufacturer to whom such articles are released, to the factory of (a) a manufacturer of cigarette papers and tubes; or (b) a manufacturer of tobacco products solely for use in the manufacture of cigarettes; or (c) in the case of cigarette papers only,

a manufacturer of tobacco products to be put up by him in units of not more than 25 papers each for distribution with packages of manufactured tobacco. To obtain release of these articles from customs custody, you will follow the procedures set forth in 26 CFR 275.86, using Form 2145. Upon such release such articles will be subject to Chapter 52 of the Internal Revenue Code as if they had not been exported or otherwise removed from internal revenue bond. Such articles received into the factory of a manufacturer will, of course, be subject to the provisions of Part 270, Manufacture of Tobacco Products, or Part 285, Manufacture of Cigarette Papers and Tubes, as applicable.

Inquiries. Inquiries in regard to this industry circular should refer to its number and be addressed to the office of your assistant regional commissioner (alcohol and tobacco tax).



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